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CENTRAL INTELLIGENCE BULLETIN
19 JAN 1972

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DIRECTORATE OF
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Central Intelligence Bulletin

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Nº 537

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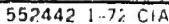
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[LAOS: Government forces are continuing to make slow progress along Skyline Ridge.

On 18 January new irregular units were rotated into front-line positions on the ridge and succeeded in recapturing a second position on the central section of the ridge. At the same time, however, new information indicates that enemy units--probably as many as three battalions--have moved south of Long Tieng to join two battalions in that area. From these positions they could mount a flanking attack on the Long Tieng Valley or establish anti-aircraft positions to hamper government air resupply and medical evacuation operations. They would also be in position to attack a projected fire support base, about five miles south of Long Tieng, or to act as a blocking force should irregulars try to withdraw southward from the valley.

A North Vietnamese [] claims that he was told that Long Tieng was to be captured no later than early February, but that it must be taken "at all costs." Following the capture of Long Tieng, North Vietnamese units allegedly are to move to "a steel bridge along the main route to Vientiane." After this unspecified area is captured, North Vietnamese units allegedly will pull back to the Laos - North Vietnam border.

25X1C

Speaking about matters of which he has some first-hand knowledge, the prisoner said that North Vietnamese units around Long Tieng are having supply problems. He noted that all supplies had to be portered from the western edge of the Plaine des Jarres to the front-line areas and that small-arms ammunition and food were in particularly short supply. These shortages and transportation difficulties could well account for the apparent inability of the North Vietnamese to launch large-scale ground attacks against Long Tieng's irregular defenders. The government's heavy artillery and air strikes against the enemy's lines of communication are probably contributing heavily to the North Vietnamese difficulties. (CONFIDENTIAL)]

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CAMBODIA: The government is encountering some military manpower problems.

25X1C

Phnom Penh is having trouble recruiting replacement troops for the army, [REDACTED]

25X1C

[REDACTED] Young Cambodians apparently are increasingly reluctant to join the armed forces because of recent military reverses such as the failure of the Chenla II campaign which they attribute to incompetent military leadership. Many youths are also reportedly disturbed over corrupt practices in the army, particularly the tendency of some field commanders to pocket the pay of their troops.

The recruiting problem is compounded by the government's lack of a centralized recruitment system. Under the present arrangement, each field unit has its own recruiting officer, who is given funds with which to "buy" new troops and who is given a bonus for each man he enlists. A high proportion of recruits desert after obtaining their enlistment pay and basic equipment. Officers in the army's personnel bureau are aware of these problems, but they are pessimistic about prospects for improvement.

Desertions are increasing even among some of the elite Khmer Krom forces. Khmer Krom morale has declined as a result of the heavy casualties they have suffered in what they regard as a disproportionate share of the army's combat load.

The authorized strength of the Cambodian armed forces is 220,000, but it seems likely that there are far fewer troops actually on duty. Efforts to get an accurate head count have been frustrated by commanders who pocket the pay of "ghost troops," even though Lon Nol himself has come out strongly against such practices. One recent survey found that two active combat brigades ranged from eight percent to as much as 30 percent below their claimed

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strength, but Cambodian investigators thought it unlikely that any punitive action would be taken against the brigade commanders because of their close relationship to Lon Nol. (SECRET NO FOREIGN DISSEM)

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SOUTH VIETNAM: President Thieu's behind-the-scenes efforts to build his own political party appear to be gaining some momentum.

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[redacted] Thieu recently appealed to some 20 pro-government senators for help in forming his "Democracy Party." [redacted]

25X1C

25X1C

[redacted] the President's men have been lining up support among Lower House deputies and influential figures in the provinces, especially in the northern part of the country. Although none of this activity has been aired publicly, the recruiting seems to have been successful enough to cause some concern among the traditional political parties, which see some of their own members slipping away to the new group.

Thieu has claimed [redacted] that he hopes to build a broadly based party to mobilize wide popular support for his regime and its policies. Recent reporting, however, makes it clear that he is also determined to build a disciplined organization that will be responsive to his direction. [redacted]

25X1C

25X1C

[redacted] In his recent talk with the senators, Thieu emphasized that he intended to maintain personal command over the Democracy Party even after his current term is over.

25X1C

25X1C

Thieu reportedly made a good impression on the senators, who evidently were flattered at being brought into his confidence, but there have been some reports from both Saigon and the hinterlands that strong-arm tactics by Thieu's lieutenants have intimidated or alienated other prospective members. If he presses too hard for personal loyalty and gives the covert apparatus too much freedom of action, Thieu could revive the specter of President Diem's repressive Can Lao Party. The Democracy

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Party is still in its early formative stage, however, and Thieu still has much work to do over a sustained period to turn it into a mechanism either for control or for rallying popular support. (SECRET NO FOREIGN DISSEM)

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CHILE: Political opponents of the Allende regime are encouraged by their victory in Sunday's by-elections and may now offer greater resistance to government efforts to divide and weaken them.

The political momentum that characterized Allende's first year in office has been slowed and it will be difficult for him to regain the initiative. The President has scheduled a major policy speech for tomorrow; some cabinet changes are likely. The speech originally was planned for delivery ten days ago, but was repeatedly postponed. The delays may reflect some pulling and hauling within the administration over important policy pronouncements and perhaps also the need first to assess the political impact of the elections.

The government probably will claim that the elections do not represent a national plebiscite. The psychological blow to the Allende forces is serious, however, and the decline in the government's percentage of votes compared with the elections last April will be hard to ignore. At the very least the government coalition will make a thorough reappraisal of its future plans. It will now be more difficult for Allende to carry out his plan to amend the constitution. (SECRET NO FOREIGN DISSEM)

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WESTERN EUROPE - BANGLADESH: The European Community countries and Britain have decided on the desirability of nearly simultaneous recognition of Bangladesh, possibly next week.

Meeting at the initiative of Belgium, representatives of the seven agreed last week to give each other two to three days notice of their individual announcements so as to effect a coordinated recognition policy. By presenting Pakistani President Bhutto with a united front, the seven hope to dissuade him from breaking diplomatic relations. Bhutto has so far broken relations with Poland, Hungary, Bulgaria, and Mongolia over recognition of Bangladesh. The four Communist countries were of little importance to Islamabad and relations could be sacrificed. However, when Burma and Nepal--countries much closer to Pakistan--recognized the Bengali regime, Bhutto only recalled his ambassadors in Rangoon and Kathmandu.

The seven European governments believe Bangladesh meets the requirements for recognition and are anxious to counter any advantage gained by Communist bloc nations through early recognition. The Europeans--preferably in conjunction with the US, Canada, and Japan--will offer humanitarian aid to Bangladesh and Pakistan, which apparently will be channeled through the Red Cross and a reconstituted UN mission.

The EC's consideration of policy toward Bangladesh results from the agreement reached by the member countries in December 1969 to consult on and coordinate their foreign policies. The UK, participating directly for the first time, played a leading role in these consultations. (CONFIDENTIAL NO FOREIGN DISSEM)

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CEYLON: Protests against World Bank President Robert McNamara's visit to Ceylon this weekend could expand into anti-government and anti-US violence.

25X1C The US Embassy in Colombo reports that various far left groups are planning to use McNamara's two-day visit as an occasion to express opposition both to the present government and to the US. [REDACTED]

25X1C

[REDACTED] the government, fearful of demonstrations next Saturday along the 18-mile route from the airport to Colombo, has decided to use a helicopter to ferry McNamara over most of this route.

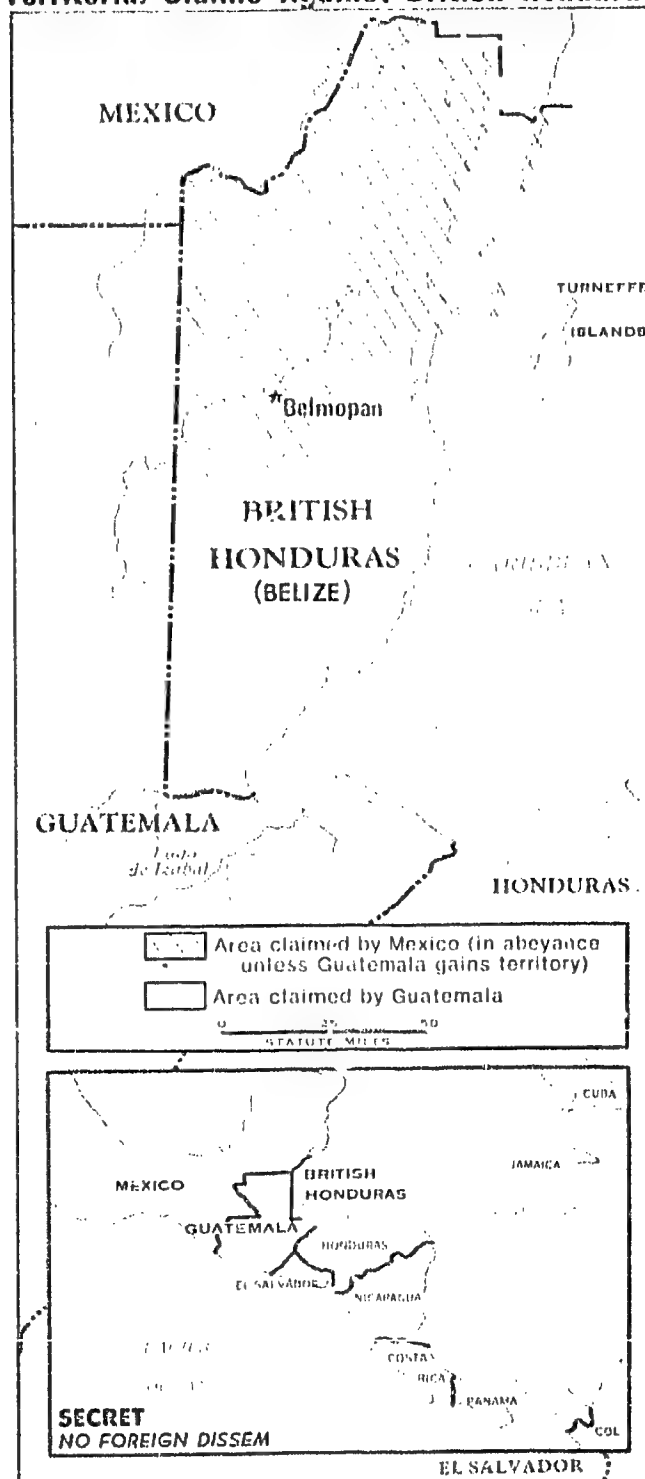
A demonstration appears probable by dissident groups within the two left-wing parties which, along with Mrs. Bandaranaike's party, form the present United Front (UF) government. Both of these parties, the Trotskyite LSSP and the Communist Party/Moscow (CCP/M), contain elements highly critical of the present coalition and its failure since it took office in mid-1970 to remedy some of Ceylon's more glaring economic problems. During the election campaign of 1970, the parties in the UF had strongly condemned ties between the International Bank and the previous government. Now in power and facing increasingly serious economic and financial problems, the UF leaders recognize the necessity of making a good impression on McNamara. Rebels within the LSSP and CCP/M, however, appear determined to embarrass the government.

Presumably the far leftists also will seek to protest the US role in Vietnam. This could expand into demonstrations against the US Embassy where Ceylon Navy guards, who had been stationed at the embassy compound since a bomb attack in March 1971, have recently been removed. (SECRET NO FOREIGN DISSEM)

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Territorial Claims Against British Honduras



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GUATEMALA: The Arana government appears to be adopting an increasingly inflexible position in opposition to independence for British Honduras.

25X1C

25X1C

[REDACTED]
[REDACTED] Invasion rumors have been circulating in Central America for about a week. [REDACTED]

25X1X

25X1X

There is no hard evidence that an invasion is imminent, however, [REDACTED]

25X1X

25X1X

[REDACTED] There is virtually no chance that the colony will move toward independence soon. [REDACTED]

25X6

25X6

[REDACTED]
Guatemala has not focused public attention on the colony and, in the absence of any radical change in the colony's political status, the Arana regime will be sufficiently preoccupied with internal politics to forgo a major adventure in British Honduras at this time.

The rumors, therefore, may be the result of a Guatemalan effort to inhibit any proposed move toward independence before its historic claim to the colony is resolved. Guatemala has persistently demanded an arrangement that would tie British Honduras' economy, foreign policy, and security to Guatemala but the colonials, unwilling to go from a British to a Guatemalan possession, have resisted. The two sides seem as far apart as ever and hopes for a settlement remain dim.

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If independence plans are pursued in spite of Guatemalan objections, Arana would be predisposed to direct action, both for nationalistic reasons and because he fears that British Honduras would become a center for Cuban subversive activity directed against Guatemala. (SECRET NO FOREIGN DISSEM)

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EAST GERMANY: Economic achievements last year were very modest despite regime claims that most goals were fulfilled.

Energy shortages and the third successive year of crop difficulties continue to be the bleakest spots in the economic picture. Other data indicate that East Germany is off to a very slow start toward achievement of its modest 1971-75 five-year plan goals.

Consumer goods production registered some increase, although the Germans apparently failed to reach planned levels. Moreover, Pankow had placed great stress on the need to improve housing in 1971, but statistical evidence reveals that new construction did not reach the level of 1970. National income and industrial production almost met planned targets, but industrial labor productivity and foreign trade fell far short of their goals.

The regime undoubtedly is anxious to assure the populace that its living standard will improve, but Pankow at the same time apparently has decided that a real attempt must be made to solve the broader economic problems that East Germany has faced over a period of years.

Publication of more statistical information than has been customary in East Germany and the admission that serious economic problems persist are evidence of the Honecker regime's greater candor in discouraging expectations of drastic improvement.
(CONFIDENTIAL)

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COSTA RICA: The government is preparing indictments against right-wing coup plotters.

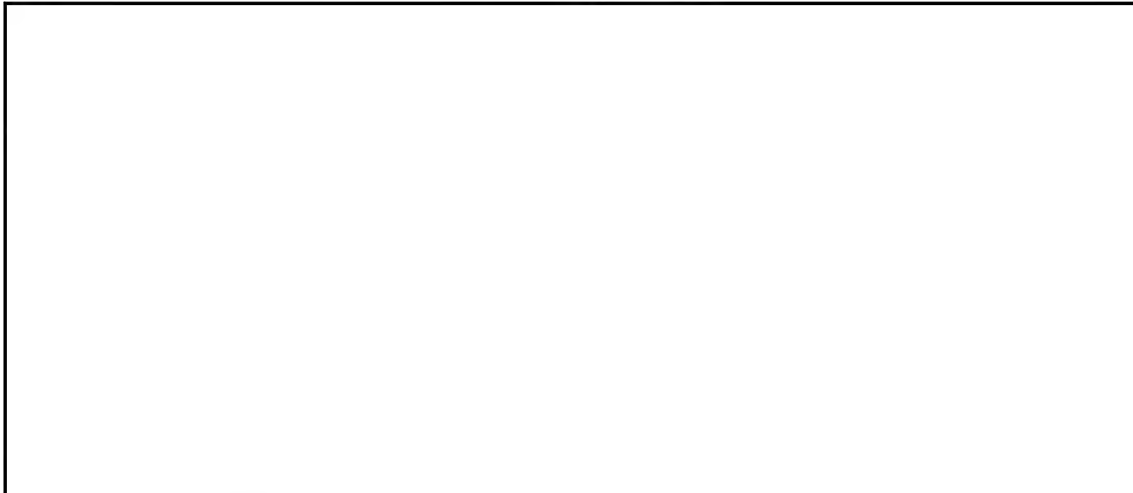
In several press conferences during the past week, President Figueres brought the plotting out into the open by charging that members of the ultra-conservative Free Costa Rica Movement (MCRL) had been planning to overthrow his government. He has asked his public security minister to take legal action against them.

MCRL leaders reportedly were in touch with Guatemalan rightists and government officials in an attempt to enlist their support. After learning of these contacts, Figueres sent his foreign minister to Guatemala to get a clarification of that government's position on the coup activities. He also requested and received assurances from other Central American nations that they are not involved.

The government's decision to admit a Soviet embassy appears to be the main factor promoting right-wing unrest, although Figueres maintains that the real motivation of the coup plotters is their opposition to his tax reforms. Whatever the cause, the government appears to be in control of the situation and possesses enough evidence of plotting to discourage any coup attempt at this time. The US Embassy reports that Figueres is exaggerating the danger to his government and that he is using the present situation to denounce opponents of his domestic and foreign policy as extremists willing to resort to illegal means. (CONFIDENTIAL)

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NOTES



25X1B

ARGENTINA: The pro-Castro Armed Forces of Liberation group has taken credit for the explosion in Buenos Aires on 14 January in which four police demolition experts were killed while attempting to defuse a bomb placed outside the home of a former minister of justice. At least seven police officers and one terrorist have been killed so far this month. Stepped up operations against guerrillas are under way in several major cities and police have told US officials that bombing attacks probably will increase as terrorists become more desperate. (CONFIDENTIAL)

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SOUTH AFRICA: Gatsha Buthelezi, head of the Zululand Territorial Authority, has won a strong vote of confidence from his fellow Zulus. At a recently concluded session of the authority, which is composed of tribal leaders, Buthelezi triumphed over efforts of forces backing the newly crowned Paramount Chief Goodwill to undercut Buthelezi's political position within the authority. The South African Government has been quietly supporting Goodwill, hoping he would be more amenable to guidance from Pretoria.

The territorial authority rejected a provision in the draft constitution for Zululand that legislative assembly members swear allegiance to the South African Government, proposing instead an oath of honor and respect for the state president. It also passed resolutions calling on the government to permit Zululand to receive direct foreign aid and to use English from the fifth grade in Zululand schools. These demands represent a challenge to the South African Government's proposed plan for the Zulu homeland and will receive little sympathy in Pretoria. (SECRET)

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